

**AMENDMENT TO H.R. 1852**  
**OFFERED BY MR. FRANK OF MASSACHUSETTS,**  
**MR. GARY G. MILLER OF CALIFORNIA, MR.**  
**SCOTT OF GEORGIA, AND MR. NEUGEBAUER**  
**OF TEXAS**

Page 36, after line 23, insert the following new section:

1 **SEC. 19. PARTICIPATION OF MORTGAGE BROKERS AND**  
2 **CORRESPONDENT LENDERS.**

3 (a) IN GENERAL.—

4 (1) DEFINITIONS.—

5 (A) IN GENERAL.—Section 201 of the Na-  
6 tional Housing Act (12 U.S.C. 1707) is amend-  
7 ed—

8 (i) by striking “As used in section 203  
9 of this title—” and inserting “As used in  
10 this title and for purposes of participation  
11 in insurance programs under this title, ex-  
12 cept as specifically provided otherwise, the  
13 following definitions shall apply:”;

14 (ii) by striking subsection (b) and in-  
15 serting the following:

1           “(2) The term ‘mortgagee’ means any of the  
2 following entities, and its successors and assigns, to  
3 the extent such entity is approved by the Secretary:

4           “(A) A lender or correspondent lender,  
5 who—

6           “(i) makes, underwrites, and services  
7 mortgages;

8           “(ii) submits to the Secretary such fi-  
9 nancial audits performed in accordance  
10 with the standards for financial audits of  
11 the Government Auditing Standards issued  
12 by the Comptroller of the United States;

13           “(iii) meet the minimum net worth re-  
14 quirement that the Secretary shall estab-  
15 lish; and

16           “(iv) complies with such other re-  
17 quirements as the Secretary may establish.

18           “(B) Except as provided in subparagraph  
19 (D), a correspondent lender who—

20           “(i) closes a mortgage in its name but  
21 does not underwrite or service the mort-  
22 gage;

23           “(ii) posts a surety bond, in lieu of  
24 any requirement to provide audited finan-

1                   cial statements or meet a minimum net  
2                   worth requirement, in—

3                               “(I) a form satisfactory to the  
4                               Secretary; and

5                               “(II) an amount of \$75,000, as  
6                               such amount is adjusted annually by  
7                               the Secretary (as determined under  
8                               regulations of the Secretary) by the  
9                               change for such year in the Consumer  
10                              Price Index for All Urban Consumers  
11                              published monthly by the Bureau of  
12                              Labor Statistics of the Department of  
13                              Labor; and

14                             “(iii) complies with such other re-  
15                             quirements as the Secretary may establish.

16                             “(C) Except as provided in subparagraph  
17                             (D), a mortgage broker who—

18                               “(i) closes the mortgage in the name  
19                               of the lender and does not make, under-  
20                               write, or service the mortgage;

21                               “(ii) is licensed, under the laws of the  
22                               State in which the property that is subject  
23                               to the mortgage is located, to act as a  
24                               mortgage broker in such State;

1           “(iii) posts a surety bond in accord-  
2           ance with the requirements of subpara-  
3           graph (B)(ii); and

4           “(iv) complies with such other re-  
5           quirements as the Secretary may establish.

6           “(D)(i) Subparagraphs (B) and (C) shall  
7           continue to apply after the expiration of the 5-  
8           year period beginning on the date of the enact-  
9           ment of the Expanding American Homeowner-  
10          ship Act of 2007 only if, after the expiration of  
11          the 4-year period beginning upon such date of  
12          enactment and taking into consideration the re-  
13          port submitted in accordance with section 19(b)  
14          of such Act, the Secretary—

15           “(I) makes a determination that such  
16           subparagraphs provide protection to mort-  
17           gage insurance funds for mortgages in-  
18           sured under this title that are comparable  
19           to the protection provided by the require-  
20           ments for mortgagees under this title as in  
21           effect immediately before the enactment of  
22           such Act; and

23           “(II) publishes in the Federal Reg-  
24           ister a notice of such determination and an

1 order extending the applicability of such  
2 subparagraphs.

3 “(ii) If, taking into consideration such re-  
4 port, the Secretary makes a determination after  
5 the expiration of such 4-year period that sub-  
6 paragraphs (B) and (C) do not provide protec-  
7 tion as referred to in clause (i) of this subpara-  
8 graph, the Secretary may, by order published in  
9 the Federal Register, provide for the participa-  
10 tion, after the expiration of the 5-year period  
11 referred to in clause (i), of correspondent lend-  
12 ers and mortgage brokers as mortgagees in the  
13 insurance programs under this title in accord-  
14 ance with subparagraphs (B) and (C) as modi-  
15 fied by the Secretary as the Secretary considers  
16 appropriate to provide such protection.

17 “(3) The term ‘mortgagor’ includes the original  
18 borrower under a mortgage and the successors and  
19 assigns of the original borrower.”;

20 (iii) in subsection (a), by redesignig-  
21 nating clauses (1) and (2) as clauses (A)  
22 and (B) respectively; and

23 (iv) by redesignating subsections (a),  
24 (c), (d), (e), and (f) as paragraphs (1), (4),  
25 (5), (6), and (7), respectively, and realign-

1           ing such paragraphs two ems from the left  
2           margin.

3           (B)     MORTGAGEE     REVIEW.—Section  
4           202(c)(7) of the National Housing Act (12  
5           U.S.C. 1708(c)(7)) is amended—

6                   (i) in subparagraph (A), by inserting  
7                   “, as defined in section 201,” after “mort-  
8                   gagee”;

9                   (ii) by striking subparagraph (B); and

10                   (iii) by redesignating subparagraphs  
11                   (C) and (D) as subparagraphs (B) and  
12                   (C), respectively.

13           (C)     MULTIFAMILY RENTAL HOUSING IN-  
14           SURANCE.—Section 207(a)(2) of the National  
15           Housing Act (12 U.S.C. 1713(a)(2)) is amend-  
16           ed by striking “means the original lender under  
17           a mortgage, and its successors and assigns,  
18           and” and inserting “has the meaning given  
19           such term in section 201, except that such term  
20           also”.

21           (D)     WAR HOUSING INSURANCE.—Section  
22           601(b) of the National Housing Act (12 U.S.C.  
23           1736(b)) is amended by striking “includes the  
24           original lender under a mortgage, and his suc-  
25           cessors and assigns approved by the Secretary”

1 and inserting “has the meaning given such  
2 term in section 201”.

3 (E) ARMED SERVICES HOUSING MORTGAGE  
4 INSURANCE.—Section 801(b) of the National  
5 Housing Act (12 U.S.C. 1748(b)) is amended  
6 by striking “includes the original lender under  
7 a mortgage, and his successors and assigns ap-  
8 proved by the Secretary” and inserting “has the  
9 meaning given such term in section 201”.

10 (F) GROUP PRACTICE FACILITIES MORT-  
11 GAGE INSURANCE.—Section 1106(8) of the Na-  
12 tional Housing Act (12 U.S.C. 1749aaa-5(8)) is  
13 amended by striking “means the original lender  
14 under a mortgage, and his or its successors and  
15 assigns, and” and inserting “has the meaning  
16 given such term in section 201, except that  
17 such term also”.

18 (2) ELIGIBILITY FOR INSURANCE.—

19 (A) TITLE i.—Paragraph (1) of section  
20 8(b) of the National Housing Act (12 U.S.C.  
21 1706c(b)(1)) is amended—

22 (i) by striking “, and be held by,”;

23 and

24 (ii) by striking “as responsible and  
25 able to service the mortgage properly”.

1 (B) SINGLE FAMILY HOUSING MORTGAGE  
2 INSURANCE.—Paragraph (1) of section 203(b)  
3 of the National Housing Act (12 U.S.C.  
4 1709(b)(1)) is amended—

5 (i) by striking “, and be held by,”;

6 and

7 (ii) by striking “as responsible and  
8 able to service the mortgage properly”.

9 (C) SECTION 221 MORTGAGE INSUR-  
10 ANCE.—Paragraph (1) of section 221(d) of the  
11 National Housing Act (12 U.S.C. 1715l(d)(1))  
12 is amended—

13 (i) by striking “ and be held by”; and

14 (ii) by striking “as responsible and  
15 able to service the mortgage properly”.

16 (D) HOME EQUITY CONVERSION MORT-  
17 GAGE INSURANCE.—Paragraph (1) of section  
18 255(d) of the National Housing Act (12 U.S.C.  
19 1715z-20(d)(1)) is amended by striking “as re-  
20 sponsible and able to service the mortgage prop-  
21 erly”.

22 (E) WAR HOUSING MORTGAGE INSUR-  
23 ANCE.—Paragraph (1) of section 603(b) of the  
24 National Housing Act (12 U.S.C. 1738(b)(1))  
25 is amended—

1 (i) by striking “, and be held by,”;

2 and

3 (ii) by striking “as responsible and  
4 able to service the mortgage properly”.

5 (F) WAR HOUSING MORTGAGE INSURANCE  
6 FOR LARGE-SCALE HOUSING PROJECTS.—Para-  
7 graph (1) of section 611(b) of the National  
8 Housing Act (12 U.S.C. 1746(b)(1)) is amend-  
9 ed—

10 (i) by striking “ and be held by”; and

11 (ii) by striking “as responsible and  
12 able to service the mortgage properly”.

13 (G) GROUP PRACTICE FACILITY MORTGAGE  
14 INSURANCE.—Section 1101(b)(2) of the Na-  
15 tional Housing Act (12 U.S.C. 1749aaa(b)(2))  
16 is amended—

17 (i) by striking “ and held by”; and

18 (ii) by striking “as responsible and  
19 able to service the mortgage properly”.

20 (H) NATIONAL DEFENSE HOUSING INSUR-  
21 ANCE.—Paragraph (1) of section 903(b) of the  
22 National Housing Act (12 U.S.C. 1750b(b)(1))  
23 is amended—

24 (i) by striking “, and be held by,”;

25 and

1 (ii) by striking “as responsible and  
2 able to service the mortgage properly”.

3 (I) CONTINGENT REPEAL.—Unless there is  
4 published in the Federal Register, before the  
5 expiration of the 5-year period beginning on the  
6 date of the enactment of this Act, an order  
7 under clause (i) or (ii) of section 201(2)(D) of  
8 the National Housing Act (12 U.S.C.  
9 1707(2)(D)), as added by paragraph (1)(A)(2)  
10 of this subsection, upon the expiration of such  
11 period the provisions of such Act amended by  
12 this paragraph are amended to read as such  
13 provisions would be in effect upon such expira-  
14 tion if this Act had not been enacted (taking  
15 into consideration any amendments, after such  
16 date of enactment, to such provisions other  
17 than under this Act).

18 (b) GAO STUDY AND REPORT.—

19 (1) STUDY.—The Comptroller General of the  
20 United States shall conduct a study, upon the expi-  
21 ration of the 42-month period beginning on the date  
22 of the enactment of this Act, regarding the effect of  
23 the amendments made by subsection (a), which shall  
24 analyze and determine—

1 (A) the extent to which such amendments  
2 have resulted in increased participation, by  
3 mortgage brokers and correspondent lenders, in  
4 the mortgage insurance programs under the  
5 National Housing Act, as measured by the  
6 number and amounts of such insured mort-  
7 gages, disaggregated by the States in which the  
8 properties subject to such mortgages are lo-  
9 cated;

10 (B) with respect to mortgages insured  
11 under such Act, a comparison in the numbers  
12 and rate of defaults, foreclosures, and mortgage  
13 insurance claims on such mortgages originated  
14 by mortgage brokers and correspondent lenders  
15 authorized to participate in the programs under  
16 such Act pursuant to the amendments made by  
17 subsection (a) to such numbers and rates on  
18 such mortgages originated by lenders who  
19 would be authorized to participate in such pro-  
20 grams notwithstanding such amendments;

21 (C) any impact of such amendments on the  
22 costs to the Secretary of Housing and Urban  
23 Development of administering the mortgage in-  
24 surance programs under such title; and

1                   (D) the extent and effectiveness of the su-  
2                   pervision and enforcement, by the Secretary, of  
3                   the additional authority provided under the  
4                   amendments made by subsection (a).

5                   (2) REPORT.—Not later than the expiration of  
6                   4-year period beginning on the date of the enact-  
7                   ment of this Act, the Comptroller General shall sub-  
8                   mit a report to the Congress and the Secretary of  
9                   Housing and Urban Development setting forth the  
10                  results and conclusions of the study conducted pur-  
11                  suant to paragraph (1).